

(Washington, DC)- Congresswoman Gwen Moore introduced the Creating Access to Rides (CAR) Act today in the U.S. House of Representatives, which would help low-income workers finance the purchase of cars so that they can access more and better job opportunities.

This legislation would establish a 5-year, \$50 million grant program through which states, localities, and nonprofits could apply for funding to strengthen existing low-income car ownership programs or create new ones. Studies show that people are more likely to find steady employment and earn a decent wage when they have access to a car.

"For many low-income families, getting to a job can be even harder than getting hired in the first place. Entry-level jobs of low-income workers are increasingly found in the faraway plants, warehouses, strip malls, and office parks of suburbia," Congresswoman Moore said. "This bill would assist these workers in getting to their place of employment, whether it is in a factory in a neighboring town, or during the graveyard shift when public transportation does not run."

In recent years, a number of states and non-profit organizations have developed programs to assist the working poor with the purchase of a car by making available-for subsidized sale or lease-donated vehicles or vehicles purchased wholesale from dealerships that have been repaired to good working order. These programs also work with local lending institutions to obtain car loans for low-income workers while providing financial education and promoting financial literacy. The programs do more than just provide access to a car-they also improve a low-income family's credit and connect them to a savings institution.

In addition to providing funding to low-income car ownership programs, the bill would also encourage car ownership through the use of Individual Development Accounts (IDAs). IDAs are special savings accounts for very low-income individuals through which, as an incentive to save, a person's contributions to the account are matched by public and private funding. States can use federal funds authorized by a little-known law called the Assets for Independence Act (AFIA) to match participant contributions to IDAs. However, when IDA contributions are matched using AFIA funds, withdrawals may be used for only three qualified expenses: homeownership, post-secondary education, and starting a business. The CAR Act would expand permissible IDA uses under AFIA matching rules to include the purchase of a car.

Under existing laws, states can also use their Temporary Assistance for Needy Families (TANF)

funds to match IDA contributions made by workers, and can choose to allow worker withdrawals from IDAs for the purpose of purchasing a car. The CAR Act would eliminate a barrier currently in place that restricts a person's eligibility for other low-income programs such as food stamps if a TANF-funded IDA is used for the purchase of a car.

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